

EM9620: The Globe and Mail, February 23, 1996, page A6

Health report queried

Staff and Canadian Press

TORONTO – A report painting a grim picture of future financing of the Canadian health-care system has a flaw in its calculations and perpetuates a myth about the impact of an aging population, health economists say.

The report, *Health Care Financing*, was released yesterday by the Canadian Institute of Actuaries at news conferences in Toronto and Montreal.

In it, the institute argues that if health care in Canada is to survive the onslaught of aging baby boomers, governments will have to institute "managed care" that funds only those treatments proved most beneficial and cost effective.

Health-care critics, however, say the report depends on out-of-date and incorrect information to support its arguments.

Institute chairman John Fessenden acknow-

ledged that the report incorrectly states that "the aging of the population alone will allocate almost 1 per cent more of GDP per year to health-care costs without any new treatments"

At the current levels of gross domestic product, that would be an \$8-billion annual increase in health-care spending – and total annual spending on health in Canada now is \$72-billion.

But it is commonly accepted that an aging population will drive costs up by about 1 per cent of annual health-care spending.

Mr. Fessenden agreed with that, but said the report is correct when it says that the percentage of GDP spent on health care will increase to about 12 per cent by 2020.

But Morris Barer of the University of British Columbia said growth of real health-care expenditures in the area of 1 per cent is less than historical economic growth and not a concern.

Prof. Barer said the report is perpetuating misconceptions about the impact of an aging population on health care.

In large part, he said, this is due to extrapolating the effect of aging on services which cater primarily to seniors, such as long-term care, and extrapolating that effect to the whole of the health-care system.

The important thing, Prof. Barer said, is that while aging will have an effect on health care, it will be gradual – a glacier, not an avalanche.

Robert Evans, also of the University of British Columbia, said the aging population accounts for less than one-fifth of past increases in health-care costs.

The system has been far more taxed by the increase in doctors, more complicated medical procedures and new and more expensive drugs, said Prof. Evans.